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MONTANA LEGISLATIVE HISTORY

Chapter 131 19 81

Bill H 104 S _____ Original bill & history X C

H. Committee on Business and Industry			S. Committee on Business and Industry		
Hearing Date(s)	Jan 12	✓ C	Hearing Date(s)	Mar 06	✓ C
	Jan 13	✓ C			C
		C			C
		C			C
Date Out	Jan 13	✓ C		Mar 06	✓ C

Did this bill originate in an interim committee? ____Yes ____No

Committee _____ Report _____

HOUSE BILL NO. 104

INTRODUCED BY MANUEL

IN THE HOUSE

January 7, 1981	Introduced and referred to Committee on Business and Industry.
January 14, 1981	Committee recommend Bill do pass. Report adopted.
January 15, 1981	Bill printed and placed on members' desks.
January 16, 1981	Second reading, do pass as amended.
January 19, 1981	Correctly engrossed.
	Third reading, passed. Transmitted to Senate.

IN THE SENATE

January 26, 1981	Introduced and referred to Committee on Business and Industry.
March 6, 1981	Committee recommend Bill be concurred in as amended. Report adopted.
March 9, 1981	Second reading, concurred in.
March 11, 1981	Third reading, concurred in as amended. Ayes, 48; Noes, 1.

IN THE HOUSE

March 12, 1981	Returned from Senate with amendments. Concurred in as amended.
March 14, 1981	Second reading, concurred in as amended.
March 17, 1981	Third reading, concurred in as amended. Ayes, 86; Noes, 9. Sent to enrolling.
	Reported correctly enrolled.

HOUSE BILL NO. 104

INTRODUCED BY Manuel

A BILL FOR AN ACT ENTITLED: "AN ACT TO ALLOW THE BOARDS OF TRUSTEES OF RURAL COOPERATIVE UTILITIES TO CHOOSE A PLACE FOR MEMBERSHIP MEETINGS WHEN NO PLACE IS SPECIFIED IN THE BYLAWS; PROVIDING A NEW QUORUM REQUIREMENT FOR MEMBERSHIP MEETINGS; AMENDING SECTION 35-18-303, MCA."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 35-18-303, MCA, is amended to read:

"35-18-303. Meetings of members -- general and special -- place -- notice -- quorum -- voting. (1) An annual meeting of the members shall be held at such time as shall be provided in the bylaws.

(2) Special meetings of the members may be called by the board of trustees, by any three trustees, by not less than 10% of the members, or by the president.

(3) Meetings of members shall be held at such place as may be provided in the bylaws. In the absence of any such provision, all meetings shall be held ~~in the city or town in which the principal office of the cooperative is located~~ at such place as shall be determined by the board of trustees of the cooperative.

(4) Except as hereinafter otherwise provided, written or printed notice stating the time and place of each meeting of members and, in the case of a special meeting, the purpose or purposes for which the meeting is called shall be given to each member, either personally or by mail, not less than 10 or more than 25 days before the date of the meeting.

(5) Five percent of all members present in person or 50 members present in person, whichever is fewer, shall constitute a quorum for the transaction of business at all meetings of the members, but the bylaws may prescribe the presence of a greater percentage or number of the members for a quorum. If less than a quorum is present at any meeting, a majority of those present in person may adjourn the meeting from time to time without further notice.

(6) Each member shall be entitled to one vote on each matter submitted to a vote at a meeting. Voting shall be in person but, if the bylaws so provide, may also be by proxy or by mail, or both. If the bylaws provide for voting by proxy or by mail, they shall also prescribe the conditions under which proxy or mail voting or both shall be exercised. In any event, no person shall vote as a proxy for more than three members at any meeting of the members."

-End-

INTRODUCED BILL
HB 104

REFERRED TO COMMITTEE ON FISH AND GAME: 1/22
HEARING: 2/10
REPORT: 2/13, BE CONCURRED IN
2ND READING: 2/16, BE CONCURRED IN
3RD READING: 2/19, YEAS: 47; NAYS: 1

RETURNED TO HOUSE: 2/19
TRANSMITTED TO GOVERNOR: 2/24
ACTION: SIGNED, 2/26
CHAPTER 18

SB 104—HANDEL—TO ALLOW THE BOARDS OF TRUSTEES OF RURAL COOPERATIVE UTILITIES TO CHOOSE A PLACE FOR MEMBERSHIP MEETINGS....
INTRODUCED: 1/7
REFERRED TO COMMITTEE ON BUSINESS AND INDUSTRY: 1/7
HEARING: 1/12
REPORT: DO PASS, 1/13
2ND READING: 1/16 YEAS: 91; NAYS: 1
3RD READING: 1/19 YEAS: 94; NAYS: 1

TRANSMITTED TO SENATE: 1/19
REFERRED TO COMMITTEE ON BUSINESS AND INDUSTRY: 1/20
HEARING: 3/6
REPORT: 3/6, BE CONCURRED IN, AS AMENDED
2ND READING: 3/9, BE CONCURRED IN
3RD READING: 3/11, YEAS: 48; NAYS: 1

RETURNED TO HOUSE WITH AMENDMENTS: 3/11
2ND READING: 3/14 YEAS: 60; NAYS: 22
3RD READING: 3/17 YEAS: 86; NAYS: 9

TRANSMITTED TO GOVERNOR: 3/20
ACTION: SIGNED, 3/23
CHAPTER 131

SB 105—JACOBSEN—TO REQUIRE PRODUCTION REPORTS TO ROYALTY OWNERS BY OIL AND GAS LESSEES.
INTRODUCED: 1/7
REFERRED TO COMMITTEE ON BUSINESS AND INDUSTRY: 1/7
HEARING: 1/13
REPORT: DO NOT PASS, 2/16
REPORT: ADOPTED, 2/18
BILL KILLED: 2/18 YEAS: 80; NAYS: 12

SB 106—SWITZER—AMENDING THE DEFINITION OF RURAL AREA AS THE TERM APPLIES TO THE RURAL ELECTRIC AND TELEPHONE COOPERATIVE ACT.
INTRODUCED: 1/7
REFERRED TO COMMITTEE ON BUSINESS AND INDUSTRY: 1/7
HEARING: 1/16
REPORT: DO PASS AS AMENDED, 2/16
2ND READING: 2/19 YEAS: 71; NAYS: 1
3RD READING: 2/24 YEAS: 98; NAYS: 0

TRANSMITTED TO SENATE: 2/24
REFERRED TO COMMITTEE ON BUSINESS AND INDUSTRY: 3/2
HEARING: 3/16
REPORT: 3/16, BE CONCURRED IN
2ND READING: 3/18, BE CONCURRED IN
3RD READING: 3/20, YEAS: 47; NAYS: 0

#3

BUSINESS AND INDUSTRY COMMITTEE

January 12, 1981

SUMMARY OF HOUSE BILL 14

Introduced by Rep. Manuel, amends the current statute to expand the field of membership of a credit union by eliminating the restriction against eligibility solely on the basis of place of residence. A credit union may offer its membership and services only to those persons who fall within its clearly defined field of membership, which has been limited "to a common bond" of similar occupation, common employment, or other stipulated association. Place of residence is not now a sufficient common bond.

The Federal Depository Institutions Deregulation and Monetary Control Act of 1980 gave credit unions, along with savings and loan associations, the right to solicit demand accounts through offering of share drafts. Liberalization of a credit union's field of membership, as allowed by HB 14, would expand the number of its potential customers and give it a stronger competitive position in relation to other financial institutions.

SUMMARY OF HOUSE BILL 21

Introduced by Rep. Harrington, allows the Department of Revenue, in the interim between decennial censuses, to use the most recent population estimates issued by the Bureau of the Census as the basis for establishing beer and liquor license quotas. Under present law, the alternative to the decennial census figures is a direct count of residents made by the state or a municipality. In censuses taken to determine the population of the area within five miles of a city, present law calls for the count to be at the expense of the license applicant. HB 21 would eliminate the necessity for these special counts.

HOUSE BILL 104

Introduced by Rep. Manuel, amends the present law on rural utility cooperatives to allow a change of location of an annual meeting. Under present law, a co-op is required, unless its bylaws state otherwise, to hold meetings in the town where its principal office is located. The amendment would allow the co-op's board to choose the meeting site.

The bill also amends the present law to define a quorum as five percent of all members or 50 members present, whichever is smaller. Present law sets five percent as a quorum.

opposite - banks are trying to get into the credit unions' business. Credit unions were set up because they deal with consumers - people - banks didn't used to lend money to small borrowers. In a credit union you have to be a member to borrow and the credit unions know their people. The default rate on a credit union is 1/4 of 1%.

Unfair competition - directors of banks would be for free enterprise and so are credit unions. This is the way their charters read. Banks can pay all their money back to the depositors the same as credit unions can.

HOUSE BILL 104 -

REP. REX MANUEL, House District #11, Teton County, sponsor, said HB 104 is a housekeeping bill which would allow boards of rural utility cooperatives to choose a place for their annual meeting.

RILEY CHILDERS said this bill was introduced because of a court case where a cooperative had moved their annual meetings from one place to another and some of the members opposed, and the judge said the annual meeting should be held in the headquarters town. This presented a problem. Some annual meetings are so large that the annual meeting has to be moved because of better facilities. Some have written in such provisions. But about 50% do not have that provision in the by-laws and are acting outside their by-laws and there is some question as to whether they are acting without proper authorization. HB 104 would take care of this. Getting a quorum at meetings - it is difficult to get a required number of people to a meeting and this new provision would take care of this problem.

PAT McKITTRICK, Montana Association of Utilities, said there is a question raised by the supreme court decision. This would address the cooperatives under the Rural Cooperative Act only. There is no precedent.

OPPONENTS: None

QUESTIONS -

Rep. Ellison - wouldn't it just be simpler to change the by-laws? Mr. McKittrick - some by-laws say the annual meeting is to be held in Great Falls, and this is set rather than designating a particular place as shown you could do on lines 17-20. The by-laws say meetings could be held at some designated place as set by the board. They would say that the board of directors would have flexibility - that the flexibility was not sufficient to comply with the statute. This would allow the cooperative to include that flexibility into their by-laws to accommodate the size of a meeting.

Mr. McKittrick said the reason he wanted to change the quorum vote was because some coops have grown to where it is very difficult to get a quorum of 5%. Five percent of all members present or 50 members present would reduce the number required for a quorum so they could conduct their business. Rep. Manuel explained a terrific storm could come up and there would no way be 5% of the members present. Rep. Kessler asked the size of the membership. Mr. Childers said 6,000-7,000.

Rep. Fabrega - even though some of the by-laws allow the board of directors to call a meeting in some other way. Mr. McKittrick - the court questioned that wording. This also happened in Jordan and it was challenged. Line 19 - the by-laws did not designate Roundup, Montana. The by-laws, while it doesn't designate a specific place, the language will say that the board of directors will have the power to set a meeting place if there is not a specific place in the by-laws. Rep. Fabrega - if a specific place in the by-laws is set, it cannot be changed. Jordan was certified as headquarters when the cooperative was formed.

Rep. Vincent - what is the smallest cooperative? Mr. Childers - 1,200 - 1,500 members. Rep. Fabrega - what percentage of the members appear at the meetings? Mr. Childers - difficult to say. In some instances, if a cooperative has 6,000 members yet you cannot get 300 members out even though you try very hard. A lesser number would serve the purpose.

Rep. Ellison - this bill just applies to the rural electric and telephone utilities? Mr. Childers - yes.

Rep. Manuel closed saying the Sun River Electric Cooperative headquartered in Fairfield has 700-800 members saying they will come to a meeting, so they have it in Great Falls and HB 104 would just legalize this.

HOUSE BILL 21 -

REP. DAN HARRINGTON, House District #88, Silver Bow County, sponsor, introduced HB 21 at the request of the Revenue Oversight Committee as a result of an interim study of liquor laws in Montana. HB 21 sets out the use of population estimates issued by the Bureau of the Census between decennial censuses for establishing liquor license quotas. This bill would also limit the special censuses that are currently allowed when persons outside the city but within a five mile limit wish to obtain a license. See EXHIBIT C. Appendix A contains county population estimates published in the Bureau of Census. Recently Congress mandated the Bureau of Census to set up a five-year census which will probably be a survey that will not be of much value to Montana.

BOB DURKEE, Montana Tavern Association, Helena, explained this estimate census bill is a product of the interim study committee to relieve the system in establishing a system for more licenses. The Montana quota system is already 600 licenses over. They presently operate with 1156. The new census would create 54 more all-beverage licenses. Hope census estimate would alleviate that by OK-ing 5-10 as time goes on without the sudden deluge at the end of the census. The industry tries to help the problem of the quota system, and you are aware of the number of bills floating around that will eliminate the quota system

The association proposes the use of an estimated census program. He thinks if it is alright to use estimates for disbursing federal money, it is sensible to use them in distributing licenses.

QUESTIONS -

All companies supply check stubs as indicated in Exhibit A. Only the crude purchaser knows if the actual amount being paid is correct. Every lease is assessed the windfall profit tax, and the royalty owners are taxed the same as the major oil companies.

Rep. Jacobsen explained HB 105 would put the private land owners under statutory protection the same as the state is at the present time. If a land owner wants to verify the statement, he has to go through legal channels, hire an attorney to do this. If he were treated the same as the state is, he could consider it as being accurate.

Verification requirement would make it hard on the small operator Mr. Allen said. It was suggested that a time period requirement rather than a month by month basis be required. Present statutes require monthly statements. HB 105 would only allow the private royalty owner the same type of report as is given to the state. Mr. Allen was not sure if the same report is sent to the state as to private royalty owners. No affidavits have to be issued.

Mr. Shanna repeated the stub shows the gross amount of production produced each month, their percent of interest, and the net amount attributable to their share. The time factor - this information has to be filed on the last day of the month. There are times when companies get held up on production and they don't pay on time, there are computer problems, windfall profit tax, etc. Sometimes they can't fit the requirements into that statute.

Everyone does know what his interest is. The sponsor said the monthly report shall be paid to the state for the month covered. Mr. Allen said the royalty payment goes for the month issued for.

Rep. Ellison - The statute has the affidavit language in it, but perhaps no one has ever sought to enforce it. It has the precise language in it. Mr. Allen - The information given to the state land department is not any more detailed than what the check stub would show here. The state doesn't require any special form.

Rep. Jacobsen closed saying he is not attempting to work any hardship on the industry. He doesn't know that there is really any problem with the present existing arrangement. He thinks the private sector is entitled to the same treatment as the state. Sometimes it is very difficult to find things out and it is necessary to hire an attorney to do this. He would like to see these people have a little time to digest this bill, and if there is something wrong with it, he doesn't want it to pass. He can't see where any hardship would be caused because if this information is already there, it would be available. It would pur more emphasis on keeping the land owner informed properly. The researcher will do some research on what and how a royalty owner would have to proceed to know if he is being properly accounted to.

EXECUTIVE SESSION -

Rep. Ken Robbins moved HOUSE BILL 104 DO PASS, and it was unanimously adopted. Rep. Robbins thinks that a meeting should be able to be held in the best possible place, and should be able to be moved from place to place as required.

HOUSE BILL NO. 104: Representative Manuel, District #11 stated this is a housekeeping bill to correct a situation that has developed. The bill would allow the board of trustees of rural cooperative utilities to determine the meeting place for membership meetings. The meeting place would have to be confirmed by the membership. The bill also revises the requirements for a quorum at membership meetings. He discussed the wording on line 21. As it is now the meetings would be illegal if held elsewhere, but some of these small towns don't have the facilities to handle large numbers of people. He mentioned that on page 2, line 7, the number of the quorum is changed. He discussed an amendment on page 1, line 24, to strike "and confirmed by the membership".

NO PROPONENTS:

NO OPPONENTS:

QUESTIONS FROM THE COMMITTEE:

SENATOR DOVER: Why is the legislature telling these people how to run their meetings.

RILEY CHILDERS: I am in favor of this bill, that's why I am here. There is a court case that now mandates it. I am from the Montana Associated Utilities. The court says that we can no longer do that.

SENATOR DOVER: Why can't we just do away with the law and we don't have the problem. General discussion followed.

ACTION ON HOUSE BILL NO. 104:

SENATOR DOVER moved to amend page 1, line 24, to strike "AND CONFIRMED BY THE MEMBERSHIP". The motion carried with the vote unanimous.

SENATOR DOVER moved do pass as amended. The motion carried with the vote unanimous. Senator Lee will carry.

ACTION ON HOUSE BILL NO. 30"

SENATOR DOVER moved that House Bill No. 30 do not pass. SENATOR KOLSTA offered a substitute motion do pass. The motion carried with Senator Dover voting no. Senator Kolstad will carry.

HOUSE BILL NO. 141: Representative Thoft, District #92 read through the bill. This bill raises the maximum amount of insurance which a farm mutual insurer may retain on a single risk to $50,000 or 10% of the assets of the insurer, whichever is larger.

PROPONENTS:

VALENCIA LANE: Montana Insurance Department. We are trying to modernize the legislation, and increase the amount. All farm mutuals can be assessed. We would support the bill.

ROLL CALL

BUSINESS and INDUSTRY COMMITTEE

47th LEGISLATIVE SESSION -- 1981

Date 3/6/81

NAME	PRESENT	ABSENT	EXCUSED
Goodover, Pat - Vice Chairman	✓		
Hazelbaker, Frank - Chairman	✓		
Blaylock, Chet	✓		
Boylan, Paul	✓		
Dover, Harold	✓		
Kolstad, Allen	✓		
Lee, Gary	✓		
Regan, Pat	✓		

Each day attach to minutes.

STANDING COMMITTEE REPORT

March 6, 19 81

MR. PRESIDENT:

We, your committee on BUSINESS AND INDUSTRY

having had under consideration HOUSE Bill No. 104

Hanuel (Senator Lee)

Respectfully report as follows: That HOUSE Bill No. 104,

third reading (blue), be amended as follows:

1. Page 1, line 24.
Following: "~~cooperative~~"
Strike: "AND CONFIRMED BY THE MEMBERSHIP"

And, as so amended,
BE CONCURRED IN

XXXXX
DO PASS

Chairman.

STATE PUB. CO.
Helena, Mont.